MULTIMEDIA UNIVERSITY

**STUDENT IDENTIFICATION NO**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |

# MULTIMEDIA UNIVERSITY

# FINAL EXAMINATION

**TRIMESTER 1, 2021/ 2022**

## BAC3614 – ACCOUNTING INFORMATION SYSTEMS II

(All sections / groups)

24 NOVEMBER 2021
9.00 a.m. – 12.00 p.m.
(3 Hours)

---

**INSTRUCTIONS TO STUDENTS**

1. This question paper consists of **FOUR** pages (excluding cover page) with **FOUR** questions only.

2. Answer **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.

3. Please write all your answers in the Answer Booklet provided.

## QUESTION 1

(a) Internal controls provide reasonable assurance that certain control objectives are achieved.

(i) Identify **ONE (1)** control that will help to reduce inventory theft by employees.

**(2 marks)**

(ii) Despite the fact that the control identified in (i) above may not prevent 100% of inventory theft, this control is still implemented by companies. Debate.

**(8 marks)**

(b) Supposed you are an owner of a business and you have limited amount of cash to spend on internal controls of your business. Decide on how much (in terms of percentage) would you spend on preventive, detective and corrective controls. Justify your decision.

**(10 marks)**

**(c)** Disaster Recovery Plan (DRP) is a type of corrective control that restores an organisation's information technology (IT) function in the event that its data centre is destroyed. Determine why DRP needs to be periodically reviewed.

**(5 marks)**

**(Total: 25 marks)**

## QUESTION 2

Sheeny Kleen is a home cleaning agency operating in Putrajaya. The business is owned by two best friends, Jack and Jill. Most of the cleaners hired by the business are part-time workers, who are available on specific days and time only. Sheeny Kleen has quite a number of regular customers who requested home cleaning services on a weekly basis. The numbers of cleaners assigned for each appointment depends on the customer's request. Customers are charged RM80 per hour per employee.

At the moment, Sheeny Kleen keeps all cleaning appointment data in spreadsheets. Separate spreadsheets are created to record the appointments on each date. The spreadsheet for appointments on 26 October 2021 is shown below:

| **Appointment date: 26 October 2021** | | | | |
|---|---|---|---|---|
| **Time** | **Customer name** | **Customer address** | **Employee 1** | **Employee 2** |
| 09:00 – 10:00 | Mary Munn | 87, Jalan Ayer Mata | Carl Ross | Rony Vee |
| 12:00 – 13:00 | Jen Axel | 23, Jalan Makmur 1 | Hanna Harris | Carl Ross |
| 13:00 – 14:00 | Jen Axel | 23, Jalan Makmur 1 | Hanna Harris | Carl Ross |
| 16:00 – 17:00 | Tom Jay | 2F, Eagle Apartment | Ron Perl | |
| 16:00 – 17:00 | Doty Lang | 9D, Eagle Apartment | Hanna Harris | |

**Continued…**

**Required:**

(a) Construct a relational table to store the customers' data. Create a proper primary key for the table.

**(4 marks)**

(b) Recommend two additional attributes, with justifications, that you think should be included in the customer table.

**(4 marks)**

(c) Hanna Harris, Rony Vee and Ron Perl are part-time cleaners. The others are hired by the business on a permanent basis. Create a table to store the employees' data, with a suitable primary key for the table.

**(3 marks)**

(d) Construct a cleaning appointment table to store all appointment data shown in the spreadsheet above. Identify the appropriate primary key for the table.

**(8 marks)**

(e) Data integration, task-data independence, data sharing, minimal data redundancy, and ability for cross functional data analysis are the advantages of database systems. Explain how a database system will assist Sheeny Kleen in enhancing its operational efficiency.

**(6 marks)**
**(Total: 25 marks)**

**QUESTION 3**

(a) Classify the following behaviours as either input fraud, processor fraud, computer instructions fraud or output fraud.

(i) A programmer inserted a code that will make copies of all data entered into the system and transmit the data to a personal account.

(ii) An employee destroyed the original cash receipt and replaced it with an altered duplicate before the document is processed.

(iii) An employee used the company's computer resources to conduct a personal online business.

(iv) A manager altered some figures on the profit or loss statement generated by the company's accounting system to show good performance.

**(4 marks)**

(b) In the current business environment, companies are moving towards replacing hardcopy documents with softcopy as one of the controls procedures in their documentation. Debate, with proper justifications, whether you agree or disagree with this move.

**(9 marks)**

**Continued…**

(c) Kelinchi Trading is a pet shop that sells various brands of pet products, including pet food, toys, vitamins, and shampoos. Customers can make purchases at the physical shop or via an online e-commerce portal. The following events have cause losses to the business. Examine each situation and propose **ONE (1)** control procedure that would prevent the situation.

(i) Inventory shortage is a common issue in the business. The shortage is usually observed during the stock count activity conducted every six months. Currently, one security guard watch the storeroom during night-time. During the day, no guard was on duty, on the basis that Maleek, the store manager, is usually in the storeroom during office hour.

(ii) Maleek also observed that during the stock-count activity, his team always has to count inventories twice, because there are always errors in counting every item in the storeroom. This means stock-count activity usually takes longer than expected, causing some disruptions to the business operations.

(iii) Mariya is the officer in charge of the Shipping Department, who deals mainly with online purchases. Most of the time, shipments reached the customers successfully. However, sometimes errors happen during the shipment – either wrong brand or wrong quantity sent to the customers. This became a concern because Mariya will have to deal with complaints from the customers.

(iv) Jason handles the Accounts Payable function in the company. He is responsible to approve all payments to the suppliers. Recently, there has been a few incidents where double payments were made to the same supplier.

**(12 marks)**
**(Total: 25 marks)**

## QUESTION 4

(a) Encryption is a method to protect sensitive data from unauthorised disclosure. Describe:

(i) Data or information that are classified as sensitive in the production cycle; please provide relevant examples.

**(4 marks)**

(ii) How encryption should be used to protect sensitive production data.

**(3 marks)**

**Continued…**

(b) John Wayne is a purchasing officer in DEF Manufacturing, a family-owned manufacturer of kitchen utensils and equipment. He started his employment six months ago, right after he completed his business degree. He is engaged and the planned wedding date is only two months away. His fiancé, who is a daughter of a government minister, has planned for a lavish wedding ceremony. The total cost of the wedding is definitely too much for him to bear. He could not share about his current financial situation as he has always portrayed himself as a well-paid executive, working in a successful company. Moreover, DEF Manufacturing is not paying him that much and the owners are more interested in accumulating their own wealth rather than caring for the employees' wellbeing.

Recently, he was approached by a sales representative from ABC Steel, a metal and alloy supplier. ABC Steel is a new player in the market. The sales representative promised John Wayne that he will receive a certain commission for every purchase made to ABC Steel. John Wayne is aware that such arrangement is fraudulent.

Evaluate **THREE (3)** factors that may encourage John Wayne to commit the fraudulent behaviour.

**(10 marks)**

(c) The onset of Covid-19 pandemic has forced many organisations to implement work from home arrangements. Some employers provide various resources to enable employees to work from home such as laptops, printers, and system access from outside the office buildings. Identify **TWO (2)** threats related to this arrangement and the controls that can be implemented to mitigate the threats. You may organise you answer as below:

| Threats | Controls |
|---|---|
| 1. | 1. |
| 2. | 2. |

**(8 marks)**
**(Total: 25 marks)**

**End of paper.**